

IB Dkt. No. 03-115
Office of the Governor
June 9, 2003

EXHIBIT A

AFFIDAVIT

State of _____ :

:

ss.

County of _____ :

Robert Schwalbach, Affiant, being duly sworn according to law, deposes and says that: I am a Senior Policy Advisor in the Office of the Governor, Commonwealth of the Northern Mariana Islands ("Commonwealth"), and am fully authorized to execute this affidavit on behalf of the Office of the Governor.

A credit report prepared by International Company Profile shows that Citadel Holdings Inc. ("Citadel") reported being involved in the purchase of controlling shares of Micronesian Telecommunications Corporation ("MTC") in 2002. That credit report also shows that Citadel suffered losses in the amount of 534,929,865 Pesos in the year 2000, recouping only approximately 10 percent of that total with 2001's before tax profits.

MTC (and its wholly-owned subsidiary, GTE Pacifica Inc. ("GTE Pacifica")) are the dominant providers of virtually all forms of telecommunications services in the Commonwealth. Both the small population and physical size of the Commonwealth have historically served to sustain a monopoly telecommunications environment and to limit the emergence of viable competition.

To date, MTC is the only company authorized under the Commonwealth's local telecommunications law to provide local service and apparently has never entered into an

interconnection agreement under the 1996 Act. MTC is also the only provider of exchange access services. Local service between the islands of Saipan, Tinian, and Rota is provided over a fiber optic submarine cable owned exclusively by GTE Pacifica.

MTC or Verizon Micronesia is well-established as the dominant cellular provider in the Commonwealth. While Verizon Micronesia is the wireline provider, Saipancell (or Guam Cellular and Paging, Inc.) is the non-wireline provider. Saipancell, however, has a subscriber base which is significantly smaller than that of Verizon Micronesia.

Only limited domestic and international off-island competition exists in the Commonwealth. GTE Pacifica also controls access off the islands of the Commonwealth by means of its exclusive ownership of C-band transmit/receive earth stations as well as a fiber optic submarine cable connecting the Commonwealth with Guam and, in turn, the rest of the world. MTC is also the predominant supplier of backbone Internet services and the dominant Internet service provider in the Commonwealth.

Since the Commonwealth's telecommunications network is a monopoly network, its critical infrastructure services, including 911 public safety services and other vital private sector services, are largely interdependent upon that network.

The U.S. military commits significant resources to its activities in the Commonwealth. The federal government leases approximately 18,182 acres of land in the Commonwealth, which is used for military purposes. The U.S. Navy and Marines use some of this land to conduct joint training exercises, including the use of troops, ships and aircraft, to maintain the combat readiness of "forward deployed" military units. Significantly, the Commonwealth island of Farallon de Medinilla is the only live-fire training location in the western Pacific. In addition,

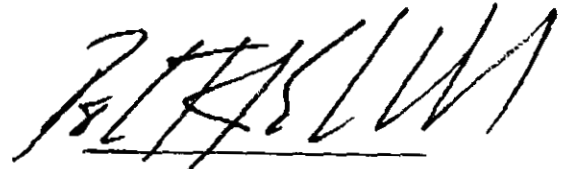
several military transport ships are routinely positioned just off the coast of Saipan, available for deployment wherever strategically needed in the region.

The federal government itself has a significant presence in the Commonwealth. The following U.S. government entities have Commonwealth office locations: Department of Defense, Department of Interior, Department of Justice, Department of Transportation, Department of Labor, Department of Agriculture, Social Security Administration, U.S. National Labor Relations Board, U.S. Postal Service, U.S. Probation, U.S. District Court, and International Broadcasting Bureau. There can be little doubt that these government offices rely heavily on the Commonwealth telephone network. While the military maintains its own communications capabilities, certain functions and federal government operations in the Commonwealth appear to depend on the monopoly telecommunications network.

The International Broadcasting Bureau owns and operates 3 transmitters in Saipan and 8 in Tinian that are used by Voice of America ("VOA") and Radio Free Asia ("RFA") to rebroadcast signals within the Pacific Rim. These transmitters are independent of the monopoly telecommunications network; however, both VOA and RFA appear to depend upon the network for communications within the Commonwealth and the outside world.

Verizon, the ultimate parent company of MTC and GTE Pacifica, has substantial operations in both the mainland U.S. and, through MTC and GTE Pacifica, in the Commonwealth, facilitating integration of rates across corporate affiliates in a manner that has introduced service offerings and pricing to the Commonwealth market which are comparable to those available in the mainland U.S.

I attest under penalty of perjury that the foregoing is true and correct as to the best of my knowledge, information, and belief.



Signature of Affiant

Sworn and subscribed before me this 6th day of June, 2003.



Signature of Official administering oath

My commission expires 9/6/04



NACE N. SOALABAI
NOTARY PUBLIC
Commonwealth of the Northern Mariana Islands
My Commission expires: 9/6/04

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June 9, 2003

EXHIBIT B

EXHIBIT B

COMMONWEALTH OF THE NORTHERN MARIANA ISLANDS

I. Background

A. Political Relationship with the United States

In 1947, the Commonwealth became part of the United Nations' Trust Territory of the Pacific Islands ("TTPI"), which was administered by the United States until 1976¹ when the "Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States" was approved by both a United Nations supervised plebiscite of Commonwealth residents and subsequently by Congress.² The Commonwealth is now a self-governing commonwealth in political union and under the sovereignty of the United States. Pursuant to Presidential Proclamation No. 5564 (implemented on November 3, 1986), all persons born in the Commonwealth both before and after the Covenant took affect are citizens of the United States.³ The TTPI was officially terminated on December 22, 1990 by the Security Council of the United Nations.

B. Government

The Commonwealth adopted its own constitution in 1977.⁴ The constitution provides for a governmental system analogous to that of a typical American state: the executive branch is represented by the Governor and Lieutenant Governor, the legislative branch by a House of Representatives (18 members) and a Senate (9 members), and the

¹ U.S. Department of the Interior, Office of Insular Affairs website, <http://www.doi.gov/oia/facts2000.html> (visited May 27, 2003) ("OIA website").

² See 48 U.S.C. § 1801 note (Supp. 1999), approved by Congress in Public Law 94-241 (March 24, 1976), 90 Stat. 263 ("Covenant"). Under the Covenant, the United States has a special obligation to assist the Commonwealth in achieving economic development. Section 701 of the Covenant states that "[T]he Government of the United States will assist the Government of the Northern Mariana Islands in its efforts to achieve a progressively higher standard of living for its people as part of the American economic community and to develop economic resources needed to meet the financial responsibilities of local self government."

³ See OIA website.

⁴ *Id.*

judiciary by the Superior Court and the Supreme Court.⁵ Both the current Governor, Juan N. Babauta, and the Lieutenant Governor, Diego T. Benavente, began their term in office on January 14, 2002.⁶ There is also a federal judicial presence in the Commonwealth, the U.S. District Court for the District of the Northern Mariana Islands.⁷

C. Location

The Commonwealth is a three-hundred mile archipelago consisting of 14 islands (Saipan, Rota, Tinian, Aguiguan, Farallon de Medinilla, Anatahan, Sariguan, Guguan, Alamagan, Pagan, Agrihan, Asuncion, Maug Islands, and Farallon de Pajaro) with a total land area of 183.5 square miles, or slightly larger than 2.5 times the size of the District of Columbia.⁸ Virtually all of the Commonwealth's population resides on the islands of Saipan, Tinian and Rota. The Commonwealth is 3,300 miles from Honolulu; 5,625 miles from San Francisco; 1,272 miles from Tokyo, Japan; and 3,090 miles from Sydney, Australia.⁹

D. Culture

The Commonwealth is a culturally diverse and vibrant area. While the people are chiefly of Chamorro and Carolinian descent,¹⁰ today the population reflects numerous other ethnic groups, including many people from Asia and individuals from Micronesian countries.¹¹ While the official language is English, the native Chamorro and Carolinian languages are spoken as well.¹² Spanish and Japanese cultural influences are also evident.¹³

⁵ See OIA Website.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*

⁹ *Id.*

¹⁰ U.S. Dept. of the Interior, Office of Insular Affairs, A Report on the State of the Islands, at 24 (1999).

¹¹ See Commonwealth of the Northern Mariana Islands Web-site, <http://www.mariana-islands.gov.mp/people.htm> (visited May 27, 2003) ("Commonwealth website").

¹² *Id.*

¹³ See OIA website.

The dominant religion in the Commonwealth is Catholicism.¹⁴

E. Demographic Characteristics

The Census Bureau estimates that as of April 1, 2000 the population of the Commonwealth was approximately 69,221 people.¹⁵ Using data collected in 1995, 86.7% of the population (52,698 people) lived on the main island of Saipan, 8.2% (3,509 people) lived on the island of Rota, and 5.1% (2,631 people) lived on the island of Tinian.¹⁶ Also using 1995 data, the median household income in the Commonwealth is \$19,091 per year,¹⁷ while *per capita* income is \$6,450 per year.¹⁸

II. Telecommunications Market and Environment

A. Domestic U.S. Integration

Since 1997, the Commonwealth has become more closely integrated into the U.S. domestic telecommunications infrastructure. The Commonwealth became a part of the North American Numbering Plan on July 1, 1997 and was assigned the “670” domestic area code.¹⁹ Since September 1, 1997, the Commonwealth has also been encompassed under the Commission’s rate integration policy.²⁰

¹⁴ See Commonwealth website.

¹⁵ See Census 2000 Results for the Island Areas, <http://www.census.gov/population/www/cen2000/islandareas.html> (visited May 27, 2003).

¹⁶ Dept. of Commerce-Central Statistics Division, Commonwealth of the Northern Mariana Islands, 2000 Commonwealth of the Northern Mariana Islands Statistical Yearbook (“Commonwealth Statistical Yearbook”), at 4 (August 2001).

¹⁷ *Id.* at 62.

¹⁸ *Id.*

¹⁹ See *In re* Federal-State Joint Board on Universal Service, *Report and Order*, 12 FCC Rcd. 8776, 8996 n.1058 (1997)(citing to North American Numbering Plan Planning Letter, NANP-Introduction of New 670 (CNMI) Numbering Plan Area (NPA), PL-NANP-010 (Sept. 5, 1996)).

²⁰ *In re* Policy and Rules concerning the Interstate, Interexchange Marketplace, Implementation of Section 254(g) of the Communications Act of 1934, as amended, *Report and Order*, 11 FCC Rcd. 9564 (1996), *recon. denied by Memorandum Opinion and Order*, 12 FCC Rcd.

B. Telecommunications Companies

Micronesian Telecommunications Corporation ("MTC") and its subsidiary, GTE Pacifica, provide the vast majority of telecommunications services both within and to destinations outside of the Commonwealth. MTC is the sole provider of local telecommunications services. GTE Pacifica and MTC (collectively, "Verizon Affiliates") are both affiliates of Verizon Communications, Inc. ("Verizon Communications"). Verizon Communications and its affiliates, collectively, are the largest providers of wireline and wireless communications in the United States, with nearly 136 million access line equivalents and over 33 million wireless customers.²¹

C. Competition

1. Local Services

There is no competition in the local telecommunications market. MTC is the sole provider of local exchange service and exchange access service.

2. Off-Island Long Distance Services

Competition in the provision of off-island services is very limited as GTE Pacifica is the dominant service provider. The Verizon Affiliates essentially control access off the islands by means of their ownership of the sole submarine fiber optic cable connecting the Commonwealth islands of Saipan, Tinian and Rota with Guam (and, in turn, with various submarine cables connecting Guam with the rest of the world).²² The Verizon Affiliates also control essential multi-purpose earth station facilities necessary to reach the Pacific region's INTELSAT satellites.²³

11548 (1997), *modified by First Memorandum Opinion and Order on Reconsideration*, 12 FCC Rcd. 11812 (1997), *partially stayed by Order*, 12 FCC Rcd. 15739 (1997), *denied in part, granted in part and remanded by GTE Service Corp. v. FCC*, 224 F.3d 786 (D.C. Cir. 2000).

²¹ See <http://investor.verizon.com/profile/index.html> (visited May 27, 2003).

²² *In re Micronesian Telecommunications Corporation Application for a License to Land and Operate a High Capacity Digital Submarine Cable System Extending Between the Commonwealth of the Northern Mariana Islands and Guam, Cable Landing License*, 8 FCC Rcd. 748 (1993); and *In re Micronesian Telecommunications Corporation and GTE Pacifica Incorporated, Application*, ITC 97-778-AL (Dec. 11, 1997).

²³ *In re Micronesian Telecommunications Corporation Application for Section 214*

D. Penetration Rate

According to U.S. Department of the Interior statistics, the overall telephone penetration rate in the Commonwealth in 1995 was 61%, far below the U.S. average.²⁴ While the penetration rate on Saipan (the most populous island) was 62% in 1995, penetration on the other two populated islands, Rota and Tinian, was only 53.3% and 52.1%, respectively, in 1995.²⁵

III. Health Care

A. Overview

The Department of Public Health, operated by the Commonwealth government, is the sole provider of comprehensive health care services in the Commonwealth.²⁶ The primary health care facility in the Commonwealth is the Commonwealth Health Center, a 74-bed, two-level hospital located on Saipan that provides medicine and treatment, dentistry, nursing and other ancillary services.²⁷ The Commonwealth Government also maintains two smaller facilities, one on Tinian and another on Rota.²⁸ Each of these smaller health care units provides emergency care, 2-3 beds, x-ray, pharmacy and dental services.²⁹ While several small, private medical and dental clinics exist on Saipan, there are no such facilities on any other Commonwealth island.³⁰

Authority to Acquire from Comsat Earth Stations, Inc., *Memorandum Opinion, Order and Authorization*, 3 FCC Rcd. 1617 (1988).

²⁴ See A Report on the State of the Islands, at 117.

²⁵ Dept. of Commerce-Central Statistics Division, Commonwealth of the Northern Mariana Islands, 1996 Commonwealth of the Northern Mariana Islands Statistical Yearbook, at 96 (November 1997).

²⁶ See OIA website.

²⁷ See Commonwealth Health Center website, <http://www.mtcnmi.com/community/CHCSaipan/index.htm> (visited May 27, 2003).

²⁸ See A Report on the State of the Islands, at 31.

²⁹ *Id.*

³⁰ *Id.*

B. Problems in Health Infrastructure

As a geographically distant commonwealth with a low per capita income rate, the Commonwealth has traditionally had difficulties in dealing with increased health care costs, despite aid from federal agencies such as the U.S. Public Health Service and the Department of the Interior.³¹ By law, the Commonwealth health care system must provide service for everyone, regardless of their ability to pay for such services.³² Off-island referrals to Hawaii and other mainland areas are often necessary due to the lack of specialists and equipment in the Commonwealth, making the provision of health care services expensive. The lack of access to specialists and adequately trained personnel in the Commonwealth, compounded by the fact that it is more expensive to offer specialized medical services on the islands than on the mainland U.S., have made the health care situation that much more desperate.³³ If the Commonwealth is to continue the provision of health care service at its present quality level it will need significant assistance from the U.S. government.³⁴

³¹ See A Report on the State of the Islands, at 31.

³² *Id.*

³³ *Id.*

³⁴ *Id.*

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June 9, 2003

EXHIBIT C

November 8, 2002

RECEIVED

NOV 12 2002

Via Electronic Filing

David Strickland
Gardner Foster
International Bureau
Federal Communications Commission
445 Twelfth Street, S.W.
Washington, D.C. 20554

LAW OFFICES OF
THOMAS K. CROWE, P.C.

Re: *IB Docket No. 02-111 Clarifications*

Gentlemen:

This letter is written on behalf of Pacific Telecom Inc. ("PTI") in response to the International Bureau's oral (telephone) requests for clarification of a few matters addressed in PTI's submissions in the above-referenced proceeding.

First, the Bureau requested clarification of page 26 of the July 1, 2002, *Joint Opposition To Petitions To Deny And Informal Opposing Comment* ("Joint Opposition") filed by PTI and Bell Atlantic New Zealand Holdings, Inc. ("BANZHI"), where PTI stated that "[p]ursuant to the management agreement, Prospector [Investment Holdings, Inc. or "PIHI"] will have complete managerial control over the daily operations of the Companies." The "management agreement" referenced in this sentence is the Shareholders' Agreement that PTI submitted as Attachment 1 to its August 16, 2002, response to written questions from the Bureau.¹

¹ The first sentence on page 2 of the Shareholders' Agreement states that the PTI shareholders "agree that the operations and management of MTC [The Micronesian Telecommunications Corporation] and Newco [PTI] shall be left to PIHI [Prospector Investment Holdings, Inc.]." Section 7.1 of the Shareholders' Agreement states that "[t]he parties hereto and/or Newco [PTI] shall cause to be elected or appointed, a person nominated by PIHI as CEO of MTC." Section 7.3 states that the CEO of MTC shall be in charge of the administration and direction of the day-to-day business affairs of the corporation. Finally, Section 8.1 of the Shareholders' Agreement states that "PIHI shall have the right to manage MTC."

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Gardner Foster
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Page 2

Second, the Bureau requested clarification of the statement on page 28 of the Joint Opposition "that the same character issues raised by the CNMI Governor and Startec/PCI were addressed by the Department of Transportation ("DOT") in approving in 1998 the Applications of Aero Micronesia d.b.a. Asia Pacific Airlines ("APA") for Certificates of Public Convenience and Necessity for domestic and international charter air transportation." By the "same character issues," PTI was referring to the *nolo contendere* plea and civil Consent Judgment entered into by L&T International Corporation discussed in DOT's September 18, 1998 decision.²

Third, the Bureau requested clarification of the statement on page 2 of PTI's letter dated October 8, 2002, regarding who holds ultimate authority to vote the shares of Tan Holdings Corporation held by the six Tan Family trusts. Although the trust agreements generally provide the power to vote the shares of Tan Holdings Corporation to the trustee of each individual trust, subject to the approval of the Board of Trust of each individual trust, Siu Lin Tan has been granted extraordinary authority as "the Initial Trustee," of each of the trusts. Article VI of the trusts declares that "the Initial Trustee shall have the absolute discretion to exercise any of the powers set forth in this Article VI [including the right to vote stock] without Board of Trust Approval." In other words, as long as Siu Lin Tan remains the Initial Trustee, he may vote the stock in each of the trusts without Board of Trust approval. Successor trustees, however, would vote trust shares subject to the approval of the individual Boards of Trust.

Finally, the Bureau requested additional detail regarding PTI's statement at page 25 of the Joint Opposition that L&T International Corporation "has voluntarily continued an independent audit [of L&T's payroll practice] by Deloitte and Touche and provided copies of the report to the Department of Labor."

In compliance with the May 21, 1992 Consent Judgment for Civil Action No. 91-0027, the L&T defendant companies employed an independent accounting firm to audit their payroll practices.³ The mandatory compliance monitoring period under the Consent Judgment terminated on October 1, 1996. Specifically, under Section 3(c) of the Consent Judgment, a Compliance Monitor no longer would be required after the passage of four years or the final payment of the settlement amount (October 1, 1996), whichever was later. Notwithstanding this provision, L&T voluntarily engaged the accounting firm of Deloitte and Touche ("D&T") to continue compliance monitoring functions beyond October 1, 1996, for the three garment manufacturers currently owned by Tan Holdings Corporation, Concorde Garment Manufacturing Corp. ("CGMC"), Trans-Asia Garment Forte Corp. ("TGFC"), and Global Manufacturing, Inc.

² The September 18, 1998, initial and October 5, 2000 final ("permanent") DOT decisions were attached as Exhibit F to the Joint Opposition.

³ PTI submitted a copy of the Consent Judgment as Attachment C to PTI's July 17, 2002 Section 1.65 letter.

WILKINSON) BARKER) KNAUER) LLP

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Gardner Foster
November 8, 2002
Page 3

("GMI"). The latest agreement with D&T provides for monitoring payroll periods ending January 5, 2002, through December 21, 2002.

The voluntary audits are conducted every pay week.⁴ D&T prepares an Independent Accountants' Report on Applying Agreed-Upon Procedures for two bi-weekly payroll periods and submits the report both to Tan Holdings Corporation and to Steven R. DeSmith, Office of the Solicitor, U.S. Department of Labor. The U.S. Department of Labor has taken no further action with respect to the procedures or the results of the continuing audits.

Please contact the undersigned if you have any further questions.

Respectfully submitted,

WILKINSON BARKER KNAUER, LLP

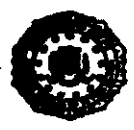
By: /s/
Kenneth D. Patrich
Timothy J. Cooney

cc: Jennifer D. Hindin, counsel for BANZHI
Attached Service List

⁴ See the attachment to this letter for a summary of the agreed upon procedures.

IB Dkt. No. 03-115
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June 9, 2003

EXHIBIT D



U.S. Department of Justice
Federal Bureau of Investigation

Office of the Director

Washington, D.C. 20535

May 24, 1995

A

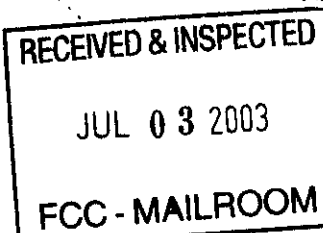
Honorable John D. Dingell
House of Representatives
Washington, D.C.

Dear Congressman Dingell:

In response to your request, we would like to identify for you some serious concerns that the FBI and the DEA share about proposals to permit foreign ownership of telecommunications common carriers. The nature of these concerns is that vital U.S. law enforcement, intelligence, and national security interests have not been adequately addressed, even in the most recent proposals, and that there would be substantial and unacceptable risks to these interests. We would appreciate the opportunity to provide a classified briefing to the Committee about our concerns.

o Telecommunications networks are critical and unique parts of any nation's information infrastructure. They are the central conduits for transacting a great deal of governmental business and private commerce. Control of the networks has tremendous importance. Although U.S. law prohibits unauthorized interception of communications and disclosure of lawfully-authorized government electronic surveillance and record acquisitions, violations by a common carrier, as a practical matter, are undetectable. As was properly recognized over 60 years ago, common carrier licensing by the Federal Communications Commission is intended not just to ensure widespread and nondiscriminatory service at reasonable charges, but also "for the purpose of the national defense .. and of promoting safety of life and property." 47 U.S.C. 151. We continue to believe that national security and public safety considerations must be central to any modifications of our telecommunications laws.

o Even where the foreign corporation is privately-held, we believe that a foreign-based company could be susceptible to the influences and directives of its own



Honorable John D. Dingell

government. There are numerous examples of foreign companies being used and directed by their governments to carry out, or assist in carrying out, government intelligence efforts against the U.S. Government and/or major U.S. corporations.

Companies in many countries are culturally acclimated and thoroughly accustomed to carrying out such intelligence directives in ways and in degrees unheard of in the U.S. Unlike under U.S. law, where common carrier assistance is tied to court authorizations, foreign companies (including foreign common carriers) are much more subject to informal government influence. There is no reason to believe that such long-standing government influences would cease if such a company were licensed in the U.S. To the contrary, there is every reason to believe that this circumstance could lead to much greater and more pervasive foreign government influence in many instances.

Foreign governments could affirmatively task a foreign carrier to covertly intercept communications (or copy records) of U.S. Government agencies or major U.S. corporations (for purposes of stealing trade secrets, acquiring other proprietary information, or monitoring efforts to secure business internationally). Given a common carrier's central office intercept capabilities, such interceptions could be easily effected without detection.

o Of particular interest to many foreign governments would be U.S.-based efforts to conduct electronic surveillance regarding targets associated with that country. Such targets could be foreign intelligence officers, agents, or related entities. In addition, there are a number of countries where the target could be associated with criminal interests known to, and tolerated by, the foreign country (e.g., international drug-trafficking). In these instances, any time a U.S. law enforcement or counterintelligence agency sought to conduct electronic surveillance under Title III or FISA, or sought records concerning subjects associated with the foreign country, the foreign carrier may be approached by the foreign government to pass such information along to it. In turn, such information could be relayed to the targets thereby compromising important investigations. For example, U.S. law enforcement is aware of

Honorable John D. Dingell

instances where a common carrier outside of the U.S. has been penetrated by the Cali drug cartel and highly sensitive information regarding contacts with local law enforcement has been used by the cartel to murder individuals thought to be cooperating with law enforcement.

o Operational control of common carrier records, data bases, line information, and central office facilities by a foreign-based company places sensitive governmental and private sector information in a fish bowl. Such immediate access lays wide open not only abundant amounts of information about U.S. law enforcement and intelligence targets, but also exposes sensitive information about government official's office and private home telecommunications service, personal data regarding them maintained in carriers' subscribers files, and line appearance information (indicating precisely where such official's phones could best be discretely tapped, assuming the company/employee chose to by-pass the handier central office access).

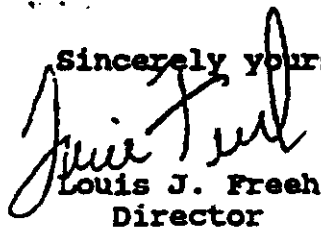
o A foreign-based company licensed as a carrier in the U.S. would immediately become privy to details of the current technological intercept capabilities and vulnerabilities of the U.S. law enforcement and intelligence agencies with regard to the services and features they offer. The acquisition of such information by the foreign country and its operatives could serve as a guide to how to avoid and evade U.S. surveillance. In fact, a listing of where such technological impediments (vulnerabilities) were recently found to exist was furnished to selected Congressional staffers in a classified report incidental to Congressional consideration of the Digital Telephony legislation last year.

o Under the Modified Final Judgment in the AT&T divestiture case, common carriers are required to comport with National Security Emergency Preparedness (NSEP) practices in order to immediately respond to U.S. Government telecommunications requirements when national emergency, disaster, or other critical government telecommunications needs arise. If a foreign-based carrier were called upon to immediately respond to some disaster such as an act of state-sponsored terrorism, there would be both doubt and risk to the government if the common carrier was influenced or otherwise controlled by a foreign government associated with such terrorism.

Honorable John D. Dingell

Law enforcement does not oppose greater global telecommunications competition or investment as such. Rather, we believe that as such initiatives are explored, vital U.S. law enforcement, intelligence, and national security interests must be seriously considered and properly resolved at the same time. Presumably, the goal of greater international business opportunities for foreign and U.S. carriers that is espoused by these proposals could be pursued without direct or indirect foreign corporate control over the operational, technical, and personnel aspects of the common carrier business which, as alluded to above, so readily and directly implicate vital domestic and national security interests.

Sincerely yours,

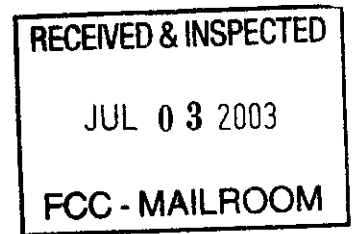

Louis J. Freeh
Director

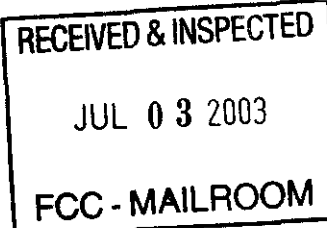
Sincerely yours,


Thomas A. Constantine
Administrator

IB Dkt. No. 03-115
Office of the Governor
June 9, 2003

EXHIBIT E





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US begins training on Tinian

U.S. military personnel began special training on Tinian yesterday, prompting the Emergency Management Office to issue an early morning advisory cautioning commercial planes to stay away from the area.

The Pacific Islands Aviation said, though, that its regular flights to and from Tinian beginning Friday to Sunday continue. Mel Real, a travel agent at PIA, said the flights include those coming from and going back to Saipan and Guam. The military jurisdiction on Tinian encompasses about two-thirds of the entire island.

Called "Helo Operation," the military training was to be from 10:30am to 12:30pm yesterday, based on the EMO advisory. Beginning tomorrow until Sunday, the military would conduct similar training on the island from 6:30pm to 9:30pm.

JO1 Michael Mitchell, deputy public affairs officer at the Naval Forces Marianas headquartered on Guam, assured the training does not involve "live fire of any sort."

"The training being conducted is routine familiarization training, including touch downs at North Field. Training of this nature is conducted on a regular basis and is designed to ensure our pilots and flight crews maintain the high training and readiness standards set by the Navy," Mitchell said.

The training comes even as bombing exercises on Farallon de Mendenilla Island goes on.

This batch of daily FDM bombings resumed since May 18 and would last until June 18. The previous batch of bombing exercises on the island was conducted for 15 days until May 5.

EMO cautioned the public-including fishermen, commercial pilots and tour operators-to stay away from at least 10 nautical miles around the FDM training area, from an altitude of 2,000 to 20,000 feet.

Story by John Ravelo
[Contact this reporter](#)

[Home](#) >> [Military](#) >> [Facilities](#) >> [Navy Ranges](#) >>

Rota Marianas Islands

Areas on Rota proposed for new and continuing military training consist of the airport and a small area within West Harbor. The island of Rota is the northern most island of the Bonninia, some 900 miles from Eniwetok and about halfway between Tinian and Guam.

Rota's airfield has a single 6,000-foot runway and is also equipped with navigational aids. Plans are now being prepared to lengthen the runway to no less than 8,000 feet with parallel taxiway to address the need of continued economic growth of Rota and Tinian. Rota has two harbors. The West Harbor is the most modern port facility in the Commonwealth. It has an 800-foot channel leading to a turning basin and wharf.

Rota was occupied by Japanese forces during World War II. During World War II the island of Rota was a very important Japanese link for their air supply to the south from Japan. There was a single air strip on the highest elevation of the island.

Unexploded ordnance [UXO] has been known to exist in the waters off Rota and other islands in the Mariana archipelago. Acting on the complaint of a Japanese tourist who raised concerns after seeing what appeared to be UXO near the wreck of a Japanese submarine chaser in the famous Coral Gardens area off the southeastern coast of Sasanhaya Bay, the CNMI Emergency Management Office asked the Explosive Ordnance Detachment of the U.S. Navy for its recommendations. In 1996 the US Navy blasted the Coral Gardens of Rota -- an action that, according to a study done for the government of the Commonwealth of Northern Marianas, resulted in \$82 million worth of damage to the reef. After the Navy's blast, more UXO was found in the area. The CNMI government hired a private company, Bombs Away, to remove the ordnance, which it accomplished with no damage to the reef.

Northern Marianas Islands

Units

Official Homepage



Our success is
outpacing
our
budget



Speaker: Military remains welcome in NMI

(OFFICE OF THE SPEAKER) — Speaker Heinz S. Hofschneider says that while Puerto Ricans were celebrating the end of 60 years of U.S. Navy use of the island of Vieques, the CNMI remains open to the possibility of conducting exercises here.

Hofschneider, R-Saipan, noted that over the years, both the military and the commonwealth have retained and honored commitments to each other, despite occasional misunderstandings and controversies.

He cited the Covenant provision allowing for use of Farallon de Medinilla, the Tinian military retention leaseback area and pending requests to conduct limited military exercises on Anatahan and Pagan as examples of past and present arrangements between the two parties. The speaker acknowledged that some controversy developed over the environmental impact of bombing exercises on Farallon de Medinilla, but felt that consultants over the years satisfactory resolved those concerns.

“When we consult with each other in a mutually respectful way, we can solve problems that might arise from military use of commonwealth lands,” Hofschneider said, noting that he is pleased to learn that Saipan has become a popular port for R&R by Navy personnel.

In the case of Puerto Rico, the end of military presence was the result of a personal commitment by President Bush, following years of protests by the local population of the island. A number of prominent persons from the U.S. also called for the closure of the Vieques range and joined local activists to put more pressure on Washington.

According to the Navy in various news ports, that property is to be signed over the U.S. Department of the Interior for what will likely be an extensive and expensive costly cleanup of many years of bombs and other ordnance, much of it unexploded.

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Tinian

The Navy maintains a training area on Tinian, the island used to launch the two atom bombs that ended World War II. Training on Tinian occurs within the Military Lease Area, with limited activities in San Jose Harbor. The proposed action also includes construction or installation of facilities at several locations: a small arms range and mortar range on Tinian, breaching or shooting houses on Tinian, and a logistics support base camp and security gates on Tinian.

Tinian is today the second most populated island in the US Commonwealth of the Northern Mariana Islands. For a time, while the world was in the throes of war, and the United States was fiercely fighting Japan in the Pacific, the largest airport of World War II could be found on Tinian. Six runways, each 8,500 feet long, saw scores of B-29's departing and landing to and from bombing runs around the clock. Tinian's greatest distinction would come during World War II, in the Pacific theater, when the atomic bombs that destroyed Hiroshima and Nagasaki were loaded onto airplanes that carried out one of humankind's most terrible missions.

The capture of Saipan, Tinian, and Guam in the Central Pacific in mid-1944 was one of the key actions in the Pacific. Air bases in the Marianas were essential in order to accommodate the new B-29 Superfortress, a US bomber that was just beginning to be mass-produced in early 1944 and which had a flying range equal to the distance from Saipan, Tinian and Guam to Japan and back -- about 1500 miles. The US invasion of the Marianas provoked the Japanese Fleet into a major and unsuccessful engagement, and the Marianas provided the bases from which the Army Air Forces later immolated the cities of Japan. Saipan was the staging base for the attack on nearby Tinian, a few miles south of Saipan.

On 24 July 1944, Task Force Five One, commanded by Rear Admiral Harry W. Hill, and the 2nd and 4th Marine Divisions, under the command of Major General Roy S. Geiger, invaded the island of Tinian. Defending the island were 9,162 Japanese Army and Navy troops. The successful invasion of Tinian hinged on a fake landing staged near "Tinian Town" (presently known as San Jose village). While the 2nd Marine Division pretended to ready an attack on the southern part of the island, even going so far as to lower boats and men into the water, the 4th Marine Division was launching a full-blown invasion on Tinian's north side. The US Marine Landing Force overcame the numerically superior Japanese force on 1 August in what is considered to be the best-executed amphibious operation of the war. Marine casualties were 328 dead and 1,571 wounded. As on Saipan, many Japanese not killed by U.S. military forces opted to commit suicide by jumping off cliffs

Northern Marianas Islands

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rather than being caught by the Americans.

Although Tinian will forever be linked to "Fat Man" and "Little Boy" and the infamous U.S.S. Indianapolis, the island holds another, lesser-known distinction in the annals of modern war. As part of the 13-day naval bombardment of Tinian leading up to the invasion at Unai Chulu, U.S. forces utilized napalm bombs against the Japanese. It was the first time napalm bombs were ever used during warfare.

The scruffy island of Tinian, 80 miles north of Guam, became an important operational base for the rest of the Pacific war. A prize catch, Tinian boasted three airfields and a fourth under construction. Even before the island had been secured, aviation engineers and Seabees were hard at work constructing the huge airbases necessary for the B-29 strategic bombers.

By mid-August 1944 Tinian was secure, and American Seabees began rebuilding a captured Japanese air strip at the north end of the island in one of the largest engineering projects of WWII. Less than one year later North Field was the largest airfield in the world, with four vast 2,600 - meter runways and a total of 19,000 combat missions launched against Japan.

Tinian got a face lifting which made it one of the most important bases of the war. On this remote rock, Seabees of the Sixth Brigade built the largest airfield in the world, larger even than Mayor LaGuardia's proposed Idlewild airport at Long Island which FORTUNE magazine (April 1945) had called the "biggest in the world." The total area of Idlewild wasn't even as large as one of the two parts of the B-29 field the Seabees built. The runways at Idlewild measured at 14.5 miles. Tinian North was almost 20 miles long. Tinian West is only a fraction smaller. Width of runways at "world's biggest airport" is only 300 feet. Large enough, but Tinian's measured from 425 to 500 feet.

The Seabees did all the construction on Tinian. No Army Engineers were there, as were on many of the previous jobs which were done jointly. Battalion builders hauled, blasted and packed down enough coral to fill three times the volume of Boulder Dam-nearly 112 million cubic yards of filling. And along with the airfields came the inevitable barracks, hospitals, chowhalls, BOQs, wells, warehouses, and chapels.

Tinian is about the same size and shape as Manhattan, and when U.S. forces occupied it during the war, they laid out a system of roads with the same general plan and orientation as on Manhattan. To carry the huge quantities of bombs up from the port at San Jose, two divided highways were built across Tinian. The GIs gave the roads names like Broadway, 8th Ave., and 86th street. The main north-south road, is Broadway, and it runs parallel to the other main north-south road, 8th Avenue. The fact that Tinian has streets named after streets in New York City has no connection with the Manhattan Project.

As soon as air service groups prepared the bases for occupancy, hundreds of B-29s began arriving in October and November, ready to undertake strategic bombing operations against the Japanese home islands. An airfield was ready for the first B-29 strike on 24 November. Camps on Tinian were constructed to house 50,000 U.S. troops and 1.2 million pounds of crops were produced, all of which were consumed on the island. By August 1945, a year after construction started, Tinian was the largest airbase in the world at the time, and accommodated nearly 1000 B-29s.

During the last two months of 1944, B-29s began operating against Japan from the islands of Saipan, Guam and Tinian. Initial bombing missions were flown during the day at high altitude, concentrating on chemical plants, aircraft factories, harbors and arsenals. Gen. Curtis LeMay studied the poor results and instructed the bombers to begin low-level incendiary raids at night. The raids targeted Tokyo and some of Japan's other major cities, Nagoya, Osaka, and Kobe.

On 26 July 1945 after a daring, top-secret voyage across the Pacific Ocean from San Francisco, the Indianapolis anchored 1,000 yards off the shore of Tinian and delivered the radioactive components of one of the newly created atomic bombs. After this momentous delivery, the heavy cruiser set out for the Philippines, but would never make it that far. Four days after departing Tinian, the ship was hit by Japanese submarine torpedoes and sank.

Atomic Bomb Pits, slightly larger than a grave, were prepared for loading the world's first atomic bomb

to be detonated in anger. The bomber aircraft would be rolled over the pit, until the bomb bay was directly above the bomb. Then, the bomb would be hoisted into the aircraft weapon bay. At No. 1 Bomb Loading Pit the atomic bomb was loaded aboard an American B-29 dubbed Enola Gay on the afternoon of August 5, 1945, to be dropped on Hiroshima the next day. At nearby No. 2 Bomb Loading Pit a second atomic bomb was loaded on August 9, 1945 and dropped on Nagasaki.

On 06 August 1945 the Enola Gay, a B-29 stationed at Tinian Island, dropped the world's first atomic bomb on the Japanese city of Hiroshima. At 0245 on 6 August 1945, Colonel Paul Tibbets took the controls of a modified B-29 named "Enola Gay" and lumbered into the air from Tinian Island. Once safely airborne, Navy Captain William Parsons climbed into the cramped bomb bay and armed their special cargo--a 9,000-pound atomic bomb called "Little Boy." After more than six hours of tough overwater navigation, "Special Bombing Mission 13" was lined up with the target--Hiroshima--directly ahead. At 0815 Hiroshima time, only 17 seconds from the scheduled drop time, bombardier Tom Ferebee released the weapon.

On August 9th, with Sweeney at the controls, B-29 Bockscar took off before dawn from the island of Tinian with a second atomic bomb aboard. The primary target was the city of Kokura, but clouds obscured it. With fuel running low due to a fuel transfer problem, Sweeney proceeded to the secondary target, Nagasaki, a leading industrial center. There was enough fuel for only one bombing run, and a last minute break in the clouds allowed the bombardier to bomb visually as specified by the field order. When the bomb detonated at 11:00 A.M. Nagasaki time, it felt as though Bockscar was "being beaten with a telephone pole," said a crew member. With fuel critically low, Sweeney turned toward Okinawa where he landed to refuel before returning to Tinian.

On 10 August 1945 Emperor Hirohito Decided to end the Pacific war without his cabinet's consent. Located just north of Guam, the Commonwealth of the Northern Mariana Islands (CNMI) is a three-hundred mile archipelago consisting of 14 islands, with a total land area of 183.5 square miles. The principal inhabited islands are Saipan, Rota and Tinian. The northern, largely uninhabited islands are Farallon de Medinilla, Anatahan, Sariguan, Gudgeon, Alamagan, Pagan, Agrihan, Asuncion, Maug Islands, and Farallon de Pajaro. Saipan is 3,300 miles from Honolulu; 5,625 from San Francisco; 1,272 miles from Tokyo; and 3,090 miles from Sydney.

In 1947, the Northern Mariana Islands became part of the post-World War II United Nations Trust Territory of the Pacific Islands (TTPI). The United States became the TTPI's administering authority under the terms of a trusteeship agreement. In 1976, Congress approved the mutually negotiated Covenant to Establish a Commonwealth of the Northern Mariana Islands (CNMI) in Political Union with the United States. The CNMI Government adopted its own constitution in 1977, and the constitutional government took office in January 1978. The Covenant was fully implemented on November 3, 1986, pursuant to Presidential Proclamation no. 5564, which conferred United States citizenship on legally qualified CNMI residents.

A visitor to Tinian's North Field today will likely find it barren and quiet. It even seems there is very little to look at. A visitor to the nearly abandoned island 30 years later found the airfields, with a touch of maintenance, could be usable again. Other than the runways, nothing seemed to be left of the old facilities. No buildings were to be seen. The forest had grown right up to the edges of the runways and taxiways.

Though not the smallest, Tinian is the least populated of the three main Mariana Islands that constitute the Commonwealth of the Northern Marianas [Federated States of Micronesia]. Like Rota, Tinian's main village of San Jose is small, rustic, sleepy and friendly. Over two thirds of the island is retained by the U.S. military and is loaded with fascinating historic war relics. Once a beehive of military activity, this area is open to visitors and has regrown with lush jungle and huge native and exotic trees. If it's possible to imagine a place even more laid back than Rota, then this is it. The present somnolence is temporary however, as Tinian launches itself into the 21st century with the arrival of huge Las Vegas-type casino resorts.

West Tinian Airport is an FAA-certified facility that currently accommodates single engine aircraft and Shorts 360 aircraft with capacity of up to 36 passengers. The runway is 6,000 feet in length capable of handling 757's or 727's with restricted landing and takeoff load. A new 8,600 foot runway is under construction and will be operational in early 2002. This will enable Tinian to have more direct flights,

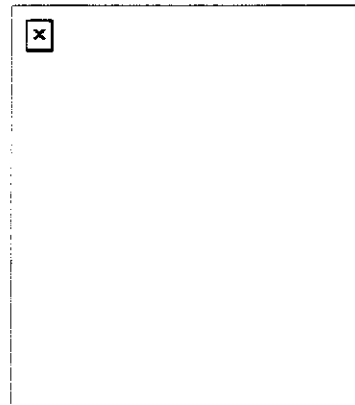
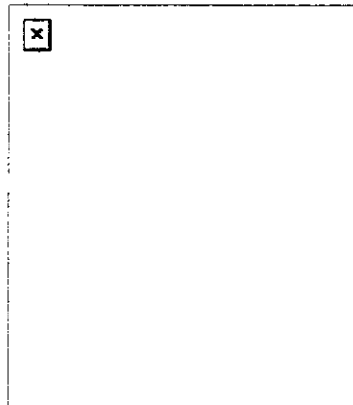
charter gaming flights to meet the increasing demand for air service for visitors coming to enjoy Tinian's casino gaming.

Tinian Harbor or Sunharon Roads includes both the inner harbor near the town of Tinian, and the large swept area lying up to 1 1/2 n mi off shore between Garguan Point and Carolinas Point. This area has been swept to various depths between 15 and 55 ft (4.6-17 m), the lesser depths being nearer the shore. Many anchorages are available in this outer area. The inner harbor is entered via a channel which has a navigable width of 500 ft and although it is claimed that the channel has been dredged to 30 ft (9 m), the Port Director reports a minimum depth of 25 ft (7.6 m) for the channel and quays.

At Tinian the main quay has recently been repaired. The usable length is 2200 ft with depths varying between 25 and 29 ft (7.6-8.8 m). There are two piers, pier 1 and pier 2 lying to the southwest of the main quay. Each has a usable length of 500 ft at both sides and a depth of 25 ft (7.6 m). Two shorter quays between the main quay and pier 1 and between piers 1 and 2 have 225 ft of berthage space each and a depth of 25 ft (7.6 m), bringing the total berthing space to 4650 ft. There are also some short quays in a shallow lagoon at the northwest end of the inner harbor, but these are used by local craft. United States Navy ships normally occupy the new part of the main quay. There is also an area available for anchorage within the inner harbor, but it is very small with a diameter of only 1000 ft. The bottom here consists of coral and sand providing reasonable holding.

The outer anchorage provides no shelter from westerly winds and there is very little protection from easterly winds except close to the shore. The inner harbor, however, provides some protection from all winds, especially those between north and southeast. For winds between south and west, protection is provided by a breakwater built on the barrier reef that fronts the town, and is therefore minimal. For best protection from all winds, a berth at the northwestern end of the main quay is recommended. Although the breakwater has sustained some damage, it still provides an effective barrier against wave and swell action. It is therefore considered that the inner harbor at Tinian would provide protection against both wind and wave action in all conditions except the close passage of a typhoon.

Tinian Island is the new home to a Voice of America (VOA) radio relay station. The United States Information Agency, which has headquarters in Washington, D.C., chose Tinian as the site to build a new radio relay station to transmit its VOA broadcasts. The VOA currently broadcasts more than 900 hours of programming weekly in 47 languages, including English, to an international audience.



<http://www.globalsecurity.org/military/facility/tinian.htm>

Maintained by John Pike

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US Navy to train in Anatahan



The Marianas Public Lands Authority's Board of Directors has granted the U.S. Navy's request to use a portion of an inactive volcano crater in Anatahan for personnel combat, search, and rescue training for one year.

MPLA Commissioner Henry S. Hofschneider said the board made the decision during its regular meeting last Thursday following an assurance that such an activity would not harm the public and the environment.

"The board decided to give them temporary revocable permit for one year. We're working on the authorization now," Hofschneider said.

The military exercises may take place as soon as the permit is released. "This is part of their overall training to enhance their response capabilities. We should be supporting the U.S. especially when it's the nation's security that's at stake," Hofschneider pointed out.

Based on the discussion, the U.S. Navy would use the area as a training ground in searching a downed aircraft and in rescuing personnel.

"It's a simulation. There's not going to be a landing. It's just a helicopter coming in to drop personnel who would search for the pilot," said Hofschneider.

He added that the U.S. Navy has agreed that any activity in the area will be coordinated with the Federal Aviation Administration and the Emergency Management Office ahead of time.

This, even as Hofschneider disclosed that the Northern Islands mayor has expressed concern on the military training. "These concerns are valid and agencies will be coordinated to ensure that these can be addressed."

He said the mayor raised public safety and environmental issues.

The U.S. Department of Navy turned in its request for the area use early this month.

"The Navy wants to use a very small area in the crater for their training," Hofschneider

The Navy wants to use a very small area in the crater for their training, Nelson said, justified.

The area is said to have vegetation and a small pond. The Navy's land use request was coursed through the Office of the Veterans Affairs.

Story by Liberty Dones
Contact this reporter

Community builds ties with sailors

(DCCA) — Saipan's reputation as a port of call for U.S. Navy ships is receiving a big boost thanks to a new program that's building personal ties between island families and sailors. Under its new Sponsor-A-Service Member program, the Department of Community and Cultural Affairs put 18 visiting sailors from the USS Antietam in touch with a local family who voluntarily hosted them while the ship was in Saipan earlier this month.

"I want to thank...everyone on your island paradise for making our visit...on Saipan the best Port Call I've ever had — ever!" said Lt. Cmdr. Timothy White, ship chaplain. "Your kindness and hospitality were like nothing we had ever experienced before."

White and other sailors were welcomed into the home of Noel and Rita Chargualaf, the first of Saipan residents to sign up for the program.

"Every single man who participated has just raved about the wonderful time they had with the families," said White. "You truly live in an island paradise and the people on your island are the nicest folks I have ever met."

"For the most, they were just thrilled to be around children and families. It was like being home," said Rita Chargualaf. "We gave them the island style tour and visited the World War II historical sites, which they enjoyed. Swimming at the Grotto was a blast, they almost didn't want to leave! They all express to one day bring their families to visit."

Sponsor-A-Service Member is an ongoing DCCA program where local families can volunteer to invite service members to share a home cooked meal. The program was initiated to expand the efforts of a handful of private citizens who have opened their homes to sailors.

"We're very excited about Sponsor-A-Service Member, especially with this initial feedback from the ships," said DCCA Secretary Juan L. Babauta. "We believe one of Saipan's greatest attractions is the warmth of our people and culture, and we're trying to facilitate that exchange through this program."

While in port, volunteer sailors from the Antietam reciprocated the hospitality by performing community relations projects at Garapan Elementary School and the Gilbert C. Ada Gymnasium.

More military ships calling on NMI

*By Ulysses Torres Sabuco
Variety News Staff*

MORE military ships have been calling on Saipan during the past year, bringing in over 5,000 crewmembers to the island, according to Frank Cepeda, the governor's special assistant for military and veterans affairs.

"Our image as a tropical island is attractive to our brothers and sisters in the military," Cepeda said.

Cepeda said next to Guam, which hosts a military base, the CNMI is becoming one of the "favorite" destinations of military ships.

"It's because we're a safe and hospitable destination," he said.

During the past 12 months, four ships and four submarines have pulled into the island's harbor and 5,083 military personnel and officers set foot on Saipan for "R&R," Cepeda said.

Acting Gov. Diego T. Benavente said another submarine "is just getting in."

He said the administration continues to encourage more military visits to the CNMI.

"They have definitely been a big contributor to our economy. We are just very happy that they visit us," Benavente said.

The USS Chancellorsville, with a crew and officers of 900, visited Saipan twice in a span of 20 days.

Other ships that were here were the USS Denver, the USS Antietam and the USS Blueridge.

The submarines were the USS Cheyenne, the USS Tucson, the USS Olympia and the USS Bremerton which arrived Wednesday.

Cepeda said more military vessels would be coming in.